

Message Text

CONFIDENTIAL

PAGE 01 BEIRUT 04736 121111Z

42

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NEA-06 SP-02 L-01 NSC-05 NSCE-00

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R 121040Z APR 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 3858

INFO AMEMBASSY AMMAN

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMCONSUL DHAHRAN

C O N F I D E N T I A L BEIRUT 4736

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, ELTN, JO, LE, SA, US

SUBJECT: TAPLINE DEVELOPMENTS LEBANON

REF: AMMAN 2382

SUMMARY: TAPLINE HAS PRESENTED TO GOL \$108 MILLION "STATEMENT" FOR PAST OIL SUPPLIES AND LETTER GIVING ONE-MONTH NOTICE OF POSSIBLE DISCHARGE OF TAPLINE EMPLOYEES ON OR AFTER MAY 4. THESE APPROACHES BECAME PUBLIC OVER WEEKEND BUT PUBLIC AND UNION REACTION GENERALLY RESPONSIBLE SO FAR. MAIN CONCERN NOW IS THAT GOL MOVING SO SLOWLY IT LIKELY MISS OPPORTUNITY DISCUSS SITUATION WITH YAMANI UNTIL NEAR MONTH-END. IF PROGRESS HERE CONTINUES SLOW, TAPLINE MAY BE FORCED BEGIN CLOSING LINE AS THREATENED. END SUMMARY

1. DAVID DODGE, TAPLINE BEIRUT, PROVIDED FOLLOWING IN BRIEF REVIEW TAPLINE STATUS WITH AMBASSADOR.

2. LAST WEEK TAPLINE PRESENTED TO GOL ITS "STATEMENT" FOR TAPLINE CRUDE SEQUESTERED SINCE AUGUST 1, 1973, FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BEIRUT 04736 121111Z

MEDRECO REFINERY. (DODGE STRESSED IT WAS A "STATEMENT")

AND NOT A BILL.) STATEMENT IS \$108 MILLION, COMPUTED AT VARIOUS POSTED PRICES PREVAILING DURING PERIOD LESS NINE CENTS PER BARREL, FORMULA OF 1952 GOL-TAPLINE AGREEMENT, LESS ANTOHTER FIVE CENTS PER BARREL, GRATUITOUS DISCOUNT BY TAPLINE REPRESENTING "DEEMED SAVINGS" OF NOT STORING AND LOADING THIS CRUDE FOR EXPORT. SUBSEQUENTLY THIS CLAIM PUBLISHED IN BEIRUT PRES WITHOUT UNUSUAL AMOUNT COMMENT.

3. ALSO LAST WEEK, TAPLINE PROVIDED TO GOL LABOR MINISTER PERSONALLY LETTER CONTAINING ONE-MONTH NOTICE REQUIRED BY RECENT AMENDMENT (ARTICLE 50) TO LABOR CODE OF INTENTION DISCHARGE TAPLINE EMPLOYEES MAY 4. DODGE WAID IT NOT RPT NOT YET DECIDED TO DISCHARGE EMPLOYEES BUT TAPLINE NOW LEGALLY FREE TO DO SO. ADDED THAT TAPLINE WILL REMAIN IN CONSULTATION WITH LABOR MINISTRY ON THIS. ALTHOUGH IT HAD BEEN AGREED KEEP THIS LETTER SECRET, DODGE SAID, IT APPEARS MINISTER CAUSED IT TO BE LEAKED. BEIRUT WEEKEND PRESS CARRIED STORY, CAUSING LABOR UNIONS ISSUE STATEMENTS URGING GOL TO RESOLVE PROBLEM BEFORE DISCHARGES BEGIN AND HINTING THAT GOL NOT RPT NOT TAKING PROBLEM SERIOUSLY ENOUGH. (COMMENT: ALTHOUGH THERE SCOPE FOR ANTI-AMERICAN CAMPAIGN THIS SITUATION, NO RPT NO SUCH DEVELOPMENT YET. DODGE AND WE AGREE THAT REACTION SO FAR GENERALLY MODERATE AND THAT UNION STATEMENTS GENERALLY RESPONSIBLE, EMPHASIZING OIL MARKET ECONOMICS, SAUDI TAXES AND RESPONSIBILITY GOL TAKE ACTION VIS-A-VIS SAG.)

4. DODGE AND TAPLINE VP ELASS FROM DHAHRAN ALSO LAST WEEK BRIEFED GOL FONMIN TAQLA, WHO REQUESTED AND WAS PROVIDED WITH EXPLANATION IN LAYMEN'S LANGUAGE OF TAPLINE'S ECONOMIC POSITION.

5. AS RESULT RECENT ACTIVITY, STAGE NOW SET FOR GOL APPROACH TO SAG, WHICH AWAITING VISIT, DODGE SAYS, HOWEVER, HE ADDS, GOL (CHARACTERISTICALLY) MOVING TO SLOW, IMPLYING THAT TAPLINE MAY BE FORCED BEGIN CLOSING DOWN AS THREATENED. PRIME MINISTER HAS ANNOUNCED HE AND OILMIN WILL VISIT SAG, BUT ONLY AFTER POST-OPERATIVE CONDITION PRESIDENT FRANGIE (UNDERGOING GALL STONE

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PAGE 03 BEIRUT 04736 121111Z

SURGERY TODAY) IS KNOWN. DODGE SAYS HE URGING GOL CONTACT SAG BEFORE YAMANI LEAVES APRIL 14 ON TWO-WEEK FOREIGN TRIP BUT DODGE NOW FEARS GOL-YAMANI CONTACT WILL NOT OCCUR UNTIL AFTER LATTER'S RETURN. DODGE ALSO SUGGESTED GOL DELEGATION TO SAG CARRY LETTER FROM FRANGIE TO KING, AS JORDANIANS DID. DODGE HAS ALSO ATTEMPTED MAKE GOL UNDERSTAND THAT LEBANON CANNOT NECESSARILY COUNT ON WINNING WHATEVER RELIEF JORDAN EXTRACTS FROM SAG TO THIS PROBLEM, SINCE SAUDIS

CAN PROVIDE CRUDE TO ZERKSA WITHOUT USING OR REOPENING
TAPLINE.

6. ON JORDAN, DODGE SAYS GOJ MOVEING RAPIDLY, WILL
SHORTLY SEND HIGH-LEVEL DELEGATION WHICH MAY INCLUDE
KING AND PRIME M NISTER TO SAG. AS AMMAN HAS REPORTED,
DODGE SAID TWO EARLIER GOJ DELEGATIONS HAD RECEIVED
SYMPATHETIC RECEPTION FROM SEVERAL HIGH SAUDI OFFICIALS
BUT HAS NOT YET CONTACTED YAMANI OR DISCUSSED ACTUAL
NEW CRUDE ARRANGEMENTS.

7. AS OF THE MOMENT, WE LEAVING PROBLEM TO TAPLINE AND GOL,
EXCEPT WHEN WE CANNOT AVOID DISCUSSING IT WITH GOL.
GODLEY

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